



# Department of Justice

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## TWO MORE PEOPLE SENTENCED FOR MORTGAGE FRAUD CRIMES

### PRESS RELEASE

INDIANAPOLIS - Kevin Lafavers, age 46, formerly of Indianapolis, was sentenced today to 33 months in federal prison, and Donald T. Brown, age 67, Lebanon, Indiana was sentenced to 27 months in prison. Circuit Judge David F. Hamilton sentenced both individuals following Lafavers' guilty pleas to conspiracy to commit wire fraud and wire fraud and Brown's guilty pleas to conspiracy to commit wire fraud and money laundering. These proceedings concerned the defendants' participation in a multi-million dollar mortgage fraud scheme operated by Robert Penn in the Indianapolis area.

Today's sentencing follows a lengthy investigation conducted by Special Agents of the Internal Revenue Service - Criminal Investigation Division, with the assistance of the Federal Bureau of Investigation. Judge Hamilton previously imposed sentence on six other individuals charged in the scheme as follows: Robert Penn - 84 months imprisonment; Mark Roth - 43 months imprisonment; Timothy Brown - 37 months imprisonment; Stephen Scott Brown - 37 months imprisonment; Jerry Jaquess - 30 months imprisonment; Tamara Scott - 24 months imprisonment.

Between November 2003 and August 2005, at least 136 fraudulent loans, totaling \$16,613,850.00, were obtained by Robert Penn and his numerous business entities, assisted by Lafavers and Brown and others. The loans were obtained from Argent Mortgage Company, The MoneyStation, and People's Choice Mortgage / Countrywide Home Loans.

The mortgage fraud schemes carried out by the defendants were accomplished as follows. Participants in the schemes, including Lafavers, located properties and arranged to purchase them at a fair market value generally by means of an option agreement or unrecorded land contract. Other participants in the scheme located straw purchasers who invested their good credit, but no money, to be the purchasers of these properties at a much higher price than that negotiated with the seller. Co-conspirators, including Brown, funded the down payments.

Lafavers was employed by Penn to locate properties for sale, negotiate the purchases of those properties, and enter into option agreements and land contracts with the sellers on behalf of Penn and his businesses. Lafavers generally received \$1,000.00 per property located. Lafavers also attended some property closings on behalf of Penn's companies and received checks that represented illegal proceeds. Lafavers' sentence reflected his involvement in approximately 19 fraudulent loans. The total amount of those loans was \$3,771,000.00.

Brown was primarily involved in funding down payments for investors on the fraudulent real estate transactions. Brown used a bank account, which was maintained by him and his son in the name of Brown Funding Inc. to fund the down payments. Brown obtained down payment checks and provided those checks to the title company, or to another co-conspirator, to be used for the closing. After the property closing, Brown received repayment of the checks from the fraudulent loan proceeds. In addition, Brown Funding Inc. received a fee of \$1,000.00 - \$3,000.00 for each down payment provided. The sole purpose of Brown Funding Inc. was to fund down payments for investors.

Brown borrowed some of the money for these down payments from individuals who he knew, but did not tell these people that they were in fact funding a fraudulent real estate scheme. Brown also added investors' names to the Brown Funding Inc. bank account in order to convince the lenders that the investors had access to money which they did not have. Brown's sentence reflected his involvement in approximately 113 fraudulent loans, including 86 Windsor Village loans. The total amount of those loans was \$12,541,000.00.

According to Assistant U. S. Attorney Susan Heckard Dowd, who prosecuted the cases for the government, Judge Hamilton also ordered Lafavers to serve three years on supervised release, and Brown to serve two years on supervised release following their incarceration. Judge Hamilton also ordered the defendants to pay restitution as follows:

Lafavers -	\$ 1,475,851.63
Brown -	\$ 9,985,004.15.

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